



**08-09**

**ANNUAL REPORT**

**SASKATCHEWAN  
WATERSHED AUTHORITY**





Saskatchewan  
Watershed  
Authority

**Payee Information for the  
Year Ended March 31, 2009**



**Saskatchewan Watershed Authority**  
**Payee Information for the Year Ended March 31, 2009**

**GENERAL COSTS**

**Listed are payees who received \$50,000 or more for the provision of goods and services:**

101073587 Saskatchewan Ltd.	\$	111,895
1323897 Alberta Ltd.		59,511
Aecom Canada Ltd.		174,864
Armtec Limited		265,805
Assiniboine Watershed Stewardship Association Inc.		82,500
Boehmcon Construction Ltd.		57,958
Brockman Enterprises Ltd.		68,206
BTS Group Inc.		104,560
Centre for Management		67,000
Clifton Associates Ltd.		618,421
Design Analysis Assoc., Inc.		98,781
Ducks Unlimited Canada		209,725
Fairford Developments Inc.		544,558
Dederal Mogul Deva GMBH		77,223
Focus		66,735
G. Ungar Construction Co. Ltd.		322,067
Grayson & Company - in trust		267,135
Hatch Acres Incorporated		77,918
Hazco Environmental Services		800,152
Henderson Insurance Inc.		92,943
Information Services Corp. of Sask		55,961
Insight Software Canada Ltd.		89,652
Kontzamanis Graumann Smith MacMillan Inc.		158,925
Lower Souris Watershed Committee Inc.		60,000
McDougall Gauley LLP - in trust		445,457
Ministry of Government Services		1,322,121
Moose Jaw River Watershed Stewards Inc.		69,190
Moose Range C.A.A.		59,553
Neilson Trucking Limited		359,074
Nilex Inc.		62,359
Nipawin Conservation Area Authority		77,517
North American Rock & Dirt Inc.		445,124
Receiver General for Canada		639,462
Rosemont Properties Inc.		231,260
Sask Power		111,801
Sask Research Council		243,741
Sask Tel CMR		145,552
Sask Tel Mobility		84,709
Selkirk Machine Works (1982)		379,311
Shand Creek, C.A.A.		50,480
Spalding C.A.A.		51,304
Tap Communications Inc.		156,738
Wascana & Upper Qu'Appelle Watersheds Association		64,939
WBM Office Systems		121,261
Supplier Payments Under \$50,000		2,477,811
<b>Total Payments to Suppliers</b>	<b>\$</b>	<b><u>12,131,259</u></b>

**Saskatchewan Watershed Authority**  
**Payee Information for the Year Ended March 31, 2009**

**PERSONAL SERVICES**

**Listed are individuals who received payments for salaries, wages and taxable benefits which total \$50,000 or more:**

Name	Amount
Anderson, Donald	\$ 60,654
Anderson, Margaret	128,169
Ashdown, Brad	69,837
Barkway, Terry	101,751
Barsi, Sheldon	53,295
Bayda, Jason	58,470
Beler, Randy	66,057
Belitski, Reynold	75,187
Belsher, Lyall	55,314
Bethune, Angela	57,563
Bishko, Andre	63,489
Bookout, Derrick	55,302
Brown, Jeremy	54,612
Carles, Bob	138,423
Chandna, Dharam Pal	94,203
Chomos, Paul	71,862
Clark, Lorraine	56,110
Connick, Krista	62,235
Crush, Ronald	63,508
Darroch, Barbara	55,710
Davies, John-Mark	76,570
Dill, Donald	101,739
Driedger, Kimberlea	54,822
Duncan, William	122,688
Dybvig, Wayne	144,688
Eberle, Harvey	70,522
Ermel, Brian	67,171
Fahlman, John	101,751
Feigel, Jeff	70,893
Fettis, David	64,441
Firth, Deborah	62,598
Ford, Jayson	61,834
Ford, Lorelei	55,872
Foster-Willfong, Janna	56,428
Fox, Frank	77,897
Franken, Johannes	60,070
Gehl, Peter	75,812
Gerhart, James	114,719
Giesbrecht, Victor	61,608
Gobert, Garnet	81,984
Graham, Kevin	69,837
Graham, Larry	83,059
Grajczyk, Martin	94,203
Grigg, John	78,243
Hagen, Gordon	83,478
Hall, Lesley	75,625

**Saskatchewan Watershed Authority**  
**Payee Information for the Year Ended March 31, 2009**

Hallborg, Curtis	52,955
Hamilton, Michael	68,462
Hammer, Richard	70,915
Hanley, P Terry	109,881
Harrison, Tom	108,861
Hauck, Brian	61,608
Hicks, Lyndon	50,084
Hjertaas, Dale	125,883
Hosler, Lyle	94,203
Hrynkiw, Irene	87,225
Hrynkiw, Timothy	81,480
Hymers, Eldon	62,355
Hymers, Theresa	109,881
Janke, Gary	60,406
Janzen, Roland	54,904
Jasper, Ricky	63,489
Johnson, Douglas	109,881
Johnson, Patrick	63,489
Johnson, Russell	101,795
Keller, Alan	63,489
Kilgour, Douglas	101,751
Kirkness, Robert	94,203
Konno, Wakana	60,785
Kozusko, Douglas	94,203
Krogan, Annilee	55,718
Lacharite, David	63,489
Larson, Warren	55,351
Laycock, Pat	61,679
Leniuk, Rod	65,368
Leugner, Lorna	55,390
Leslie, Cameron	66,499
Lo, Kei	80,262
Lorge, Ryan	59,251
Macdonald David	74,553
Maciag, Joseph	94,378
Mackisey, Roberta	69,235
Mander, Karen	50,949
McClinton, Brad	51,003
McGill, Daniel	86,771
McGuire, Collin	83,388
McIntosh, Harlow	73,937
McMaster, Glen	94,221
Messner, Dave	55,452
Metz, Sharon	205,046
Molde, Clinton	101,739
Newcombe, Donald	76,830
Nicholls, Lizabeth	85,449
Oegema, Bart	101,751
Ofukany, Sheldon	61,170
Oliver, Jody	58,201
Olson, Jeffrey	69,837

**Saskatchewan Watershed Authority**  
**Payee Information for the Year Ended March 31, 2009**

O'Neill, Kevin	55,710
Palmier, Janice	55,710
Parker, Robert	107,391
Parkinson, Alan	176,880
Patsack, Leslie	55,710
Phillips, Iain	55,242
Pollock, Michael	53,542
Prouten, Kevin	88,996
Puckett, Jason	53,478
Rodenbush, Sharon	132,419
Rogal, Casmir	90,057
Ross, Susan	112,281
Rowlett, Dwayne	101,574
Salamon, John	63,489
Scammell, Jody	67,848
Shaheen, Nolan	109,881
Shumaker, Leonard	63,489
Siba, Dwayne	62,862
Soulodre, Etienne	69,162
Spent, Duncan	54,402
Springer, Robert	56,400
Suchan, Murray	77,053
Szabo, Melvin	63,489
Szuch, Judith	54,612
Taylor, Barry	84,982
Thomson, Warren	76,830
Tod, Robin	94,215
Truelove, Dennis	80,620
Tubbsum, Muhammad	56,645
Tuchscherer, Jonathan	284,232
Waggoner, James	101,739
Walcer, Robert	63,280
Watanabe, Akira	60,899
Wiebe, Robert	54,969
Will, Gordon	101,739
Wingert, Kevin	69,479
Young, Allan	76,830
Salaries and taxable benefits under \$50,000	2,690,243
<b>Total Salaries and taxable benefits</b>	<b>\$ 13,297,787</b>
Employee Benefits	2,025,320
Employee Travel and other costs	1,748,612
<b>Total Employee Costs</b>	<b>\$ 17,071,719</b>
 <b>TOTAL EXPENDITURES</b>	 <b>\$ 29,202,978</b>



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# Minister's Transmittal



July 29, 2009

His Honour the Honourable Dr. Gordon L. Barnhart  
Lieutenant Governor of Saskatchewan  
Province of Saskatchewan

Your Honour:

The Government of Saskatchewan is committed to delivering and building on its promises to Saskatchewan people. One of those promises is a commitment to increased transparency and accountability.

A significant number of commitments were made to Saskatchewan people in Government's first year of holding office. These include commitments made in our election platform, the fall 2008 Speech from the Throne, the Ministers' Mandate letters, and the 2008-09 Budget Summary. The 2008-09 Annual Report demonstrates progress towards the commitments that relate to the Saskatchewan Watershed Authority as of March 31, 2009.

For instance, as part of the Go Green Plan, on January 16, 2009 I announced the Provincial Toilet Replacement Rebate Program which will provide \$11.2 million over four years to replace existing residential toilets with low or dual flush toilets. The program is expected to help residents replace 200,000 toilets, conserve 15 million litres of water per day and reduce CO<sub>2</sub> emissions by 20,000 tonnes over four years.

Government has defined its direction and has communicated this direction through a vision and goals released with the 2009-10 Budgets. The Saskatchewan Watershed Authority has aligned with this direction and has developed strategies and actions to help deliver on Government's plan for Saskatchewan – to be Strong and Steady in the years to come.

The initiatives pursued in 2008-09, and the results achieved, are communicated to the legislature and to the Saskatchewan people through this report. The results achieved within Government's first year provide a foundation for establishing priorities and influencing Government's future activities. Therefore, the annual reports are not only an important accountability document, but they can help to inform future planning and resource allocation in upcoming years.



Nancy Heppner  
Minister Responsible  
Saskatchewan Watershed Authority

## Chair's Transmittal



July 29, 2009

The Honourable Nancy Heppner  
Minister Responsible  
Saskatchewan Watershed Authority

Madam:

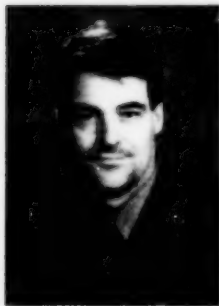
I am pleased to submit the Annual Report of the Saskatchewan Watershed Authority for the fiscal year ending March 31, 2009.

Sincerely,

A handwritten signature in cursive script that reads "Stuart Kramer".

Stuart Kramer  
Chair of the Board  
Saskatchewan Watershed Authority

# President's Transmittal



June 29, 2009

Stuart Kramer  
Chair of the Board  
Saskatchewan Watershed Authority

Sir:

I have the honour to provide this report on the progress and accomplishments of the Saskatchewan Watershed Authority for the year ending March 31, 2009.

This report, prepared by the Saskatchewan Watershed Authority, presents an accurate and reliable account of the activities and finances for the 2008-09 fiscal year. Reports on the progress that was made on key actions were prepared by management, and I affirm that the information included in these reports is factual and complete. Management also prepared the financial statements in accordance with Canadian generally accepted accounting principles for government organizations.

The activities and outcomes described in the report were guided by our mission to lead management of the province's water resources to ensure safe drinking water sources and reliable water supplies for economic, environmental and social benefits for Saskatchewan people. These efforts are also aligned with Government's common vision for our province, as well as its three goals that provide direction to all ministries and agencies.

During the 2008-09 fiscal year, we made significant progress in delivering on the Government's vision and goals. While these activities are summarized in greater detail within this report, some highlights of our work in the past year include:

- investing more than \$1,639,000 in the rehabilitation of the province's water management infrastructure;
- working with communities and landowners in the Fishing, Waldsea, Deadmoose and Houghton lakes watersheds to address flooding issues, including the completion of a comprehensive study on the impacts of agricultural drainage on high water levels;
- launching the Provincial Toilet Replacement Rebate Program, part of Saskatchewan's Go Green Plan;
- expanding the source water protection planning process to two new watersheds; and,
- increasing the amount of funding provided to non-profit groups working to protect the province's water, including groups responsible for implementing source water protection plans.

Moving forward, the Saskatchewan Watershed Authority is set to initiate a number of programs to ensure our province has access to safe and sustainable water supplies, now and in the future. This includes launching a four-year, \$7.5 million study of water availability in the province, accelerating rehabilitation of the province's water infrastructure, increasing our financial support for source water protection and rural water control activities, and undertaking a modernization of *The Saskatchewan Watershed Authority Act, 2005*. We will also begin developing a comprehensive water management plan for Saskatchewan, as promised in the 2008 Speech from the Throne. I look forward to reporting on these accomplishments in the Saskatchewan Watershed Authority's 2009-10 Annual Report.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Alan Parkinson', written over a light-colored background.

Alan Parkinson  
President  
Saskatchewan Watershed Authority

# Introduction

This annual report presents the Saskatchewan Watershed Authority's activities and results for the fiscal year ending March 31, 2009. It reports on public commitments met, and other key accomplishments of the Watershed Authority.

As a transition year, the 2008-09 Annual Report follows a similar format to the 2007-08 Annual Report, and also includes the Government's vision and three goals. With the release of the Watershed Authority's Plans for 2009-10, we will report on publicly committed strategies and actions identified in our plan within the 2009-10 Annual Report.

The 2008-09 Annual Report sets the stage for the 2010-11 planning and budget process by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

The report also includes audited financial statements for the year ending March 31, 2009, prepared in accordance with *The Saskatchewan Watershed Authority Act, 2005*.

The Watershed Authority's latest Performance Plans and Annual Reports are available on our website at:

[www.swa.ca/AboutUs/PerformancePlans.asp](http://www.swa.ca/AboutUs/PerformancePlans.asp).

# Alignment with Government's Direction

The Saskatchewan Watershed Authority's 2008-09 Annual Report aligns with Government's vision and three goals:

## **Our Government Vision**

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing a high quality of life for all.

## **Government's Goals**

- Sustain economic growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.
- Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.
- Keep Government's promises and fulfill the commitments of the election, operating with integrity and transparency, accountable to the people of Saskatchewan.

The Saskatchewan Watershed Authority, with all other ministries and agencies, supports the achievement of Government's three goals to work towards a secure and prosperous Saskatchewan.

# Organizational Overview

As a Treasury Board Crown Corporation, the Saskatchewan Watershed Authority leads management of the province's water resources to ensure safe drinking water sources and reliable water supplies for economic, environmental and social benefits for Saskatchewan people.

To manage surface water supplies, the Watershed Authority maintains and operates 45 dams and 130 kilometres of conveyance channels plus ancillary works, and makes significant investments in the rehabilitation and upgrading of this infrastructure each year. The Watershed Authority provides hydrology expertise to determine water supplies, guide allocations, and predict floods. All major surface water allocations, including municipal, industrial, irrigation, and intensive livestock uses, are approved by the Watershed Authority to ensure water use is sustainable. Employees from the Watershed Authority also represent Saskatchewan on trans-boundary water issues.

Much of Saskatchewan depends on ground water for domestic, industrial and agricultural uses. To protect this resource, the Watershed Authority licenses all but domestic users to ensure new development does not adversely impact existing users, operates the provincial ground water monitoring network, conducts regional ground water mapping and resource assessment, and provides information to citizens and industry to help locate ground water supplies.

The Watershed Authority's water control program supports agriculture by helping to maintain the productivity of flood-prone land and to address water erosion issues. The Watershed Authority also hears complaints about drainage causing damage and may rule and enforce remedies, such as ditch blocks.

Public support and participation is crucial to efforts to protect source water. The Watershed Authority works with community representatives to develop source water protection plans for watersheds and aquifers. Plans have been completed in six watersheds and one aquifer, and are currently in progress in four additional watersheds. The Watershed Authority works with watershed associations to implement these plans, which include initiatives to help landowners improve watershed health through restoration of riparian areas, protection of wetlands and grasslands, and encouragement of management practices that benefit fish and wildlife and protect water sources.

The Watershed Authority works with many partners to deliver education and information programs to create awareness and understanding of water and watershed issues.

## Legislative Responsibilities

The Watershed Authority administers and is responsible for the following legislation:

- *The Saskatchewan Watershed Authority Act, 2005*
- *The Conservation and Development Act*
- *The Water Power Act*
- *The Watershed Associations Act*

## Funding Resources

The Saskatchewan Watershed Authority relies on several revenue sources, including grants from the province's General Revenue Fund; water rental charges through *The Water Power Act*; industrial water use charges; grants from the Ministry of Environment, Fish and Wildlife Development Fund; and contracts with government and non-government agencies, associations and other sources.

## **Organization of the Saskatchewan Watershed Authority**

The Saskatchewan Watershed Authority is a Treasury Board Crown Corporation governed by a one-person Board of Directors, Stuart Kramer (President of SaskWater) and responsible to the Honourable Nancy Heppner, the Minister responsible for the Saskatchewan Watershed Authority.

The Watershed Authority has five divisions: Operations, Stewardship, Policy and Communications, Corporate and Human Services and Legal Services (see Appendix 1). At the end of the reporting period, the Watershed Authority had 191 employees (186.25 full-time equivalents).

The Corporate and Human Services Division also provides payroll services, finance, and information technology support to SaskWater on a contractual basis.

The Watershed Authority's Head Office is located in Moose Jaw, but many services and programs are delivered through its regional offices in Nipawin, North Battleford, Swift Current, Weyburn and Yorkton and other offices in Regina and Saskatoon. The Watershed Authority also has offices at Gardiner Dam and Rafferty Dam (see Appendix 2).



# Progress in 2008-09

## Significant Achievements in 2008-09

**Collaborated with Western Water Stewardship Council partners on joint initiatives relating to water efficiency, drought preparedness and water governance.**

Premiers from the four western provinces and three territories met in Prince Albert from May 28 to 30, 2008 to attend the Western Premier's Conference hosted by Premier Brad Wall. One initiative the Premiers agreed to at this forum was the establishment of a Western Water Stewardship Council to provide an increased emphasis on water to ensure safe water supplies for the future in each western jurisdiction.

The Western Water Stewardship Council has had some early successes in its first year with their major focus on issues relating to water supply, climate change and drought. The Council also advanced the development of a national water efficiency labeling and standards program; adopted shared principles and definitions for water use efficiency and demand management; worked toward consistent water efficiency building and plumbing code provisions; and developed a work plan to prepare a Western Drought Preparedness Strategy. The Council also shared information on and worked to improve watershed governance and planning models and tools.

## **Lead implementation of water conservation practices, including implementation of the Provincial Toilet Replacement Rebate Program**

As part of the Go Green Plan, Minister Heppner announced the Provincial Toilet Replacement Rebate Program in January of 2009. The program provides funding of \$11.2 million over four years to replace existing residential toilets with low or dual flush toilets. The toilet is the largest user of water in the home and changing to low flow toilets can reduce water use by 30 per cent. During the first three months of the program applications were received from 1,602 households and 1,921 toilets were replaced, resulting in total estimated water savings of 5,308,000 litres. In addition, through the Watershed Authority's water conservation partnerships with 18 municipalities, residents approved for the Provincial Toilet Replacement Rebate Program can apply for further rebates from their municipality.

## Progress by Key Program

### Water Management Infrastructure Programs

Saskatchewan's economic well being is largely dependent upon the existence and continuing functioning of the 45 water control structures and 130 kilometres of conveyance channels maintained and operated by the Watershed Authority. Lake Diefenbaker supplies water to the cities of Saskatoon, Regina, and Moose Jaw, a number of smaller communities, six potash mines, over 100,000 acres of irrigation and other industrial uses. Rafferty Reservoir is essential for operation of the Shand Thermal Power Station. While the magnitude of benefits afforded by the balance of the Watershed Authority's dams is lower, they nevertheless significantly contribute to the economic and social well being of Saskatchewan residents. Like all capital assets, these works depreciate and require a continuous investment in maintenance and rehabilitation to ensure their safety and ability to operate to meet the province's needs.

#### Project Rehabilitation

The Watershed Authority invested \$1,639,000 during the year on the rehabilitation of its water management infrastructure. Activities included investigations, design and construction. Some of the more notable undertakings are outlined below.

**Makwa Lake Control Structure** - The design of a new concrete control structure to replace the existing dilapidated timber structure was finalized. A fish passageway around the proposed control structure was included as part of the project design. Intentions had been to initiate and largely complete project construction during the year. All requisite project approvals, however, could not be secured to enable construction to proceed as contemplated. Some project components, including gates and erosion control mats, were purchased during the year. Project expenditures in 2008-09 totalled \$488,160.

**Rafferty/Alameda Dam Spillway Gates** - In 2007, a number of the rollers on the spillway gates at both dams were found to be seized. Subsequent assessment also revealed that the gate hoisting systems were under-designed. In 2008-09, the roller assemblies on all spillway gates were modified and upgraded. In addition, partial upgrading of the gate hoisting systems

was completed. The total cost of this work was \$545,200.

**Upper Qu'Appelle Conveyance Investigations** - Watershed Authority staff continued to monitor the performance of three pilot projects incorporating different channel slope erosion control measures. In December 2008, the Watershed Authority also commissioned an engineering consultant to undertake a study to examine, at a conceptual level, alternate methods of supplying water to Buffalo Pound Lake from Lake Diefenbaker. Conveyance alternatives were examined for three flow magnitudes - 17, 21 and 25 cubic metres per second. A report is due in summer 2009.

#### Dam Safety

The Watershed Authority invested \$723,310 during the year on dam safety management. These activities focus on ascertaining and managing the risk endemic to the Watershed Authority's dams.

**Dam Safety Reviews** - Independent dam safety reviews were commissioned for both the Gardiner and Qu'Appelle River dams. Final reports providing comments and recommendations concerning the physical condition of the structures, adequacy of their design, and the Watershed Authority's dam safety management systems were received in late March, 2009. The combined cost of the two reviews was \$146,620. An independent dam safety review for Rafferty Dam was also completed in September 2008. The cost of the review was \$90,920.

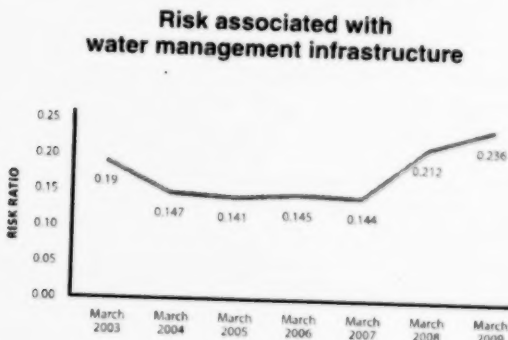
**Comprehensive Dam Safety Inspections** - Inspections were completed at Buffalo Pound, Blackstrap South, Blackstrap North, Brightwater Creek, and Wascana Weir. The inspection scheduled for Lac La Ronge was deferred until 2009-10.

**Rafferty Low Level Outlet Inspection** - The underwater inspection of the submerged portion of the low level conduit at Rafferty Dam was completed by divers in March 2009. The conduit was found to be in satisfactory condition.

**Dam Consequence Reclassification** - The Watershed Authority initiated a study to review the consequence classifications of its dams. An engineering consultant was engaged in January to undertake dam break analyses for the Avonlea, Darmody, Buffalo Pound and Hugonard dams, and

to assess life safety and economic consequences resulting from fair weather dam breaks. By year end, findings had been received for Avonlea Dam.

### Measurement Results (2008-09)

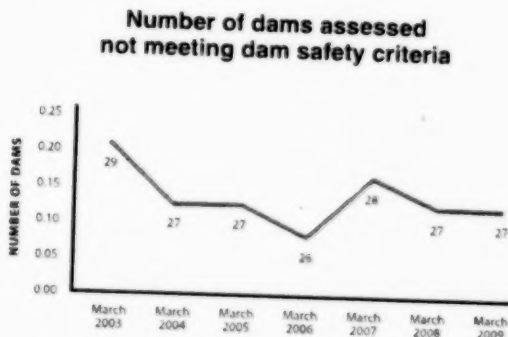


The Watershed Authority uses a ratio of the assessed risk to the total possible risk to establish targets and to measure progress in reducing risk associated with its infrastructure. Risk, defined as the likelihood of a failure multiplied by the consequences of a failure, has been assessed in relative values. Numerically the risk ratio can be expressed as:

$$\text{Risk Ratio} = \frac{\sum \text{Assessed Current Risk}}{\sum \text{Total Possible Risk}}$$

The elevated risk ratio values shown for the past two years should not be interpreted as meaning that an actual dramatic decline has occurred in the safety or operational capability of the Watershed Authority's infrastructure. What has changed significantly is the Watershed Authority's knowledge of the deficiencies and issues at its dams. During the past three years, annual Dam Safety Program budgets and expenditures have roughly doubled from previous year values. Much of this funding has been used to undertake dam safety studies and investigations at the Watershed Authority's four major dams. For example, in the fall of 2007, operational and design issues with the spillway gates at Alameda and Rafferty dams were identified. As of March 31, 2009, these had largely been addressed, and should be wholly resolved by July 2009. Other significant outstanding issues identified at the Authority's four major dams include the ability to withstand appropriate seismic loads; the ability of the Gardiner and Alameda spillways to safely pass project design floods; the structural integrity of the Alameda spillway stilling

basin; and the effectiveness of the underslab drainage systems at Gardiner and Rafferty dam spillways and the Qu'Appelle River Dam low level outlet.



This second measure quantifies the number of dams where upgrades have been confirmed and/or are likely needed to meet the Canadian Dam Association Dam Safety Guidelines. The Watershed Authority, like all provincial governments and major utilities across Canada, manages its work generally in accordance with the Canadian Dam Association Guidelines. During the year, deficiencies at three dams – Lac la Plonge, Opuntia and Round – were corrected, removing them from the list of dams requiring upgrades. However, new deficiencies were identified at Avonlea, Gardiner and Esterhazy dams, so the total number of dams assessed as not meeting dam safety criteria remained at 27.

# Water Supply Programs

The Watershed Authority controls the allocation of surface and ground water to ensure water use is sustainable, that commitments to existing users are met, to protect the health of aquatic ecosystems, and to meet obligations to downstream jurisdictions. The Watershed Authority also collects data on water supplies and uses that information to guide water management. Operation of provincial projects, such as the Watershed Authority's major dams and SaskPower's hydro operations, requires careful planning to achieve project objectives and minimize negative impacts on other uses of the resource. Reliable and extensive data are essential to the forecasting required for operation planning.

Interpreting historic surface and ground water data and collecting comparable data on current supplies is important for guiding future water management and managing potential impacts of climate change.

## Managing Saskatchewan's Ground and Surface Water

**Ground Water Information** – The Watershed Authority successfully replaced the Nokomis ground water level monitoring well to ensure continuity of data from this well. While no actual ground water mapping was undertaken during the year, the Watershed Authority worked to develop a new procedure to re-start the mapping program. The goal will be for mapping to provide more ground water knowledge in a much more accessible and usable form than even the mapping completed in the past two years.

**Provincial Hydrometric Data** – To ensure the province's hydrometric data is current, the Watershed Authority updated 15 per cent of its hydrometric stations this fiscal year.

**Procedure Review to Meet National Hydrometric Program Standards** – An audit was conducted in the fall of 2008 with Water Survey of Canada on several of the Watershed Authority's and Water Survey of Canada's hydrometric stations to ensure that the province's data quality meets national standards. Data collection instrumentation and collection procedures were analyzed and computations of flows and water levels for 2008 were examined by both organizations. The review and audit of Watershed Authority's stations assists staff in checking practices, ensuring that National Hydrometric Program standards are being met. Where

concerns were identified, procedures were revised to assist in meeting the standards.

## Water Supply Studies for

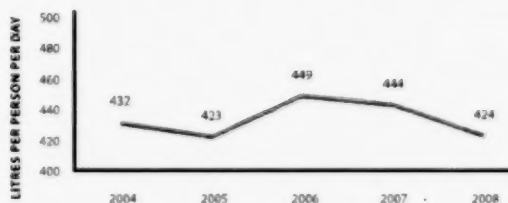
**Proposed Projects** – Water supply studies are conducted when necessary to ensure a proposed surface water use will be sustainable and that the use will not negatively impact other users or Saskatchewan's ability to meet its obligations to our neighbours. Existing projects and historical flows are considered in the assessment of the proposed projects. In total, eight new projects were reviewed and detailed water supply investigations were completed to support requests for new water allocations.

**Water Conservation** – In addition to the toilet rebate program mentioned in the highlights, the Watershed Authority has partnered with the cities of Humboldt and Yorkton, and with the Saskatchewan Environmental Society, SaskEnergy and SaskWater, on various water conservation initiatives.

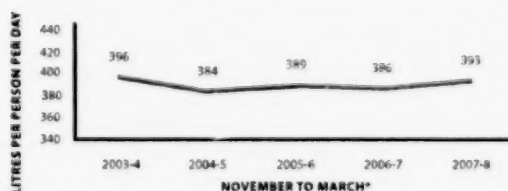
Developing guidelines for the research, development and commercialization of water reuse technologies has also been initiated as a joint effort between the Ministry of Health, the Ministry of Environment, Enterprise Saskatchewan, and the Watershed Authority.

## Measurement Results (2008-09)

**Per Capita Annual Municipal Water Consumption**



**Per Capita Winter\* Water Consumption**



These measures are indicators of water conservation specifically as it relates to municipal water use, which includes use in the home, businesses, fire fighting, and municipal irrigation, as well as system leakage. Two measures are used because annual consumption is affected by summer irrigation demands for lawn and garden watering, which vary between wet and dry years, causing the results to vary between years. Winter water demand is more stable and will more clearly show trends in interior water use. However, because the goal of water conservation is to become more efficient in all water uses, total water use is also a good measure of water conservation in the urban setting. The data shows no trend in water consumption, but as the effects of water conservation initiatives take effect over the coming years we expect to see change in per capita use.

## **Negotiations with First Nations in the Qu'Appelle Valley**

### **First Nations Flood Claims with Canada –**

Significant progress has been made with respect to the negotiations on the flood claims with the four First Nations in the Qu'Appelle Valley. In August 2008, Cowessess, Muscowpetung, Pasqua, and Sakimay First Nations formally accepted, in principle, Canada's offers to resolve their flood claims and Saskatchewan's offers to facilitate the settlement. Canada presented a compensation package to each First Nation in exchange for the settling of the historical flood claim and the right to flood First Nations' lands, in perpetuity, by the operation of the control structures on Echo and Crooked lakes. The agreements between the First Nations, Canada, and Saskatchewan are being drafted. As part of obtaining a long-term settlement, the Watershed Authority has agreed to hold the flood easements from Canada on behalf of the First Nations. Pending finalization of agreements, the First Nations have agreed to allow interim operations at Crooked and Echo lakes to ensure lake levels remain in the normal range during 2009.

### **Qu'Appelle Valley First Nations**

**Co-management Agreements** – As a condition of the final flood claims settlement with Canada, the Watershed Authority and Cowessess, Muscowpetung, Pasqua, and Sakimay First Nations are negotiating co-management agreements for water quality and quantity management. The agreements are focused on aquatic ecosystem health and management

of the resource in a sustainable manner in the Qu'Appelle Valley. In agreeing to negotiate an agreement in 2003, the province was clear that co-management would not involve the transfer of provincial responsibility for water management to the First Nations or impair the province's abilities to meet its obligations for sharing of water with Manitoba.



# Flood Damage Prevention Programs

Floods can impose significant costs in property damage and loss of production. The Watershed Authority works to minimize flood damage through the use of water management infrastructure and by predicting areas at risk of flooding to guide other ministries, municipalities and business in reducing flood risk. Dams, dikes and ditches can reduce the size and duration of floods while proper management of development in flood plains avoids the large costs in property damage that could otherwise occur in a major flood.

**Support Local Governments** - Technical and financial support was provided to Conservation and Development Area Authorities, Watershed Associations and Rural Municipalities through the Watershed Authority's Rural Water Control Assistance Program. Activities included inspecting works in order to identify maintenance requirements, and related administration support. The Watershed Authority contributed over \$760,000 towards maintenance and rehabilitation activities, benefiting Conservation and Development Area Authorities and Watershed Associations.

Through the Channel Clearing Program the Watershed Authority provided \$350,000 to rural municipalities and Conservation and Development Area Authorities to assist with the removal of obstructions and beaver dams from natural channels. The program is very important in reducing current and future flooding and related overbank erosion.

## Flooding Concerns in Northeast Saskatchewan

**Impact of Agricultural Drainage** - A moratorium on new drainage projects in the Fishing, Waldsea, Deadmoose and Houghton lake watersheds was put in place in 2007 and continued through 2008. A review of agricultural drainage impacts on these lakes was completed in 2008 and shared with residents of the watersheds. Discussions are continuing with the affected communities on appropriate actions to take regarding the drainage impacts on the lakes. The response could vary from proactively enforcing drainage legislation to the construction of projects to mitigate the impacts due to drainage. It is currently expected that a decision regarding this issue will be forthcoming in the summer or fall of 2009. The moratorium will remain in effect until the results of the drainage review are fully considered. Compliance with the

moratorium on drainage has been very good and the construction of v-ditches and other drainage works in the basin was virtually non-existent in 2008.

**Flood Protection at Fishing Lake** - In late 2007, emergency flood control berms were constructed at five sites around the periphery of Fishing Lake to protect residential and cottage developments. In 2008-09, an expenditure of \$2,101,360 was incurred to address follow-up work requirements from the emergency berm construction. This work included removal of silt from the lake bed which had eroded from the faces of select areas of the emergency berms during their construction; construction clean-up activities carried over from the previous year, including borrow pit reclamation, road repairs, and fencing; and management of local snowmelt and rainfall runoff accumulations behind the berms. A further \$300,780 was expended to develop community landscaping plans and to advance investigations and designs for a long-term flood control system to protect communities around the lake.

The Watershed Authority worked closely with local governments around Fishing Lake and with the Ministry of Corrections, Public Safety and Policing to develop long-term flood protection strategies for the resort communities. Among the activities over the past year was the construction of public safety access points across the berms, spring pumping of runoff water from behind the berms, and the restoration of legal pins covered by the berms. Survey levels were provided to individual lots to facilitate the raising of properties to the recommended flood protection elevation.

The Watershed Authority was also involved in clean up operations from the 2007 construction of the emergency berms. The removal of silt curtains, trimming of the berms, road repairs and dredging sediment from the lake bottom which had accumulated during construction are among the work undertaken over the past year.

**Lenore Lake Planning Group** - To address the issue of high water levels in Houghton and Deadmoose lakes, the Watershed Authority fostered the creation of the Lenore Lake Planning Group. It consists of rural and urban municipality representatives who have been meeting regularly to assess potential projects to lessen the impacts associated with high water levels in the Lenore Lake basin.

**Waldsea Lake Flood Control** - Similar to Fishing Lake's, emergency flood control berms were constructed at Waldsea Lake in the autumn of 2007. In 2008-09, \$762,360 was spent placing rock rip-rap on the lakeside face of the berms, construction clean-up activities, and the management of local runoff flows behind the emergency berms. Approximately \$118,150 of that expenditure was devoted to repairing slope failures along a 750 metre length of the emergency berm. Long-term flood protection planning was also advanced during the year at an additional cost of \$57,540.

## **Flood Forecasting and Protection**

**Flood Damage Reduction Program** - The Flood Damage Reduction Program maps areas that will be impacted during a flood so communities can ensure development avoids these flood risk areas. This is the most cost effective approach to avoiding flood damage. Under the original program, 19 communities had flood plain mapping developed. These maps need to be revised and maintained periodically. During the year, the Authority developed a schedule for the maintenance of the Flood Damage Reduction Program mapping, including scanning the maps and digitizing the flood lines. The flood lines will be displayed on top of the current provincial imagery, producing a product of greatly increased value to the communities and to the province. During the year, mapping for nine communities has been scanned and digitized.

The flood prevention programs focused during the year on communities which have recently faced high water levels and flooding, including the Rural Municipality of Corman Park and the area north of Saskatoon, near Martensville. Significant work has been completed with the municipalities in this area to develop plans to handle high water and flows.

**Flood and Water Level Forecasts** - The Watershed Authority operates the Saskatchewan River Forecast Centre and provided flood and water level forecasts to its Regional Offices, communities and the Saskatchewan Emergency Measures Organization. In April 2008, high flow events were recorded in areas around Prince Albert and Humboldt and soon after, in June, there was significant rainfall in the Canadian Rockies, causing Lake Diefenbaker to rise quickly and approach its full supply level.

# Source Water and Watershed Protection Programs

The people of Saskatchewan depend on both surface and ground water sources for their basic human needs and to generate economic activity. A multiple barrier approach protecting water from the source to the tap is the most effective way of protecting drinking water quality. The Watershed Authority uses planning and direct action to protect source water, and undertakes studies to ensure the quality of water supplies is sustained.

**Paired Watershed Study** – The study was undertaken to better understand and quantify environmental risks associated with low to moderate intensity agricultural activities and to provide assessment on the effectiveness of some common Beneficial Management Practices. The prairie region has naturally nutrient-rich soils, unique hydrology and naturally nutrient-rich water bodies. Accordingly, both the risk associated with agricultural activities and the effectiveness of Beneficial Management Practices may be different from what is indicated in studies undertaken elsewhere. The Paired Watershed Study is examining nutrient, sediment and bacterial concentrations and loadings across a gradient of land cover, from mostly cropped to mostly permanent cover. The Beneficial Management Practices that are being evaluated includes cropland conversion, riparian health assessment, and remote livestock watering. The results to date indicate a significant relationship between land cover type and nutrient loading. It has also found higher nutrient and sediment concentrations in areas with localized shoreline disturbance and lower bacteria concentrations in watersheds with remote watering systems. The information from this study and ongoing examination of the ecological health in the area will be instrumental in the establishment of a National Watershed Evaluation of Beneficial Management Practices site, funded by Agriculture and Agri-Food Canada, in Saskatchewan.

## **Promoting Beneficial Management Practices**

– The Watershed Authority undertook extension activities to assist in the development of Beneficial Management Practices designed to protect source water and ecological function. These activities included personal visits to approximately 350 agricultural producers, and reaching 1,881 agricultural producers through participation in 43 workshops.

**Instream Flow Assessments** – The Watershed Authority undertook several studies examining the impact of flow management on aquatic health, including a risk assessment examining the potential impact of all Watershed Authority owned and operated water control structures. Results of this assessment have focused our work, and the Watershed Authority has initiated studies examining potential impacts of water structures in high-risk areas.

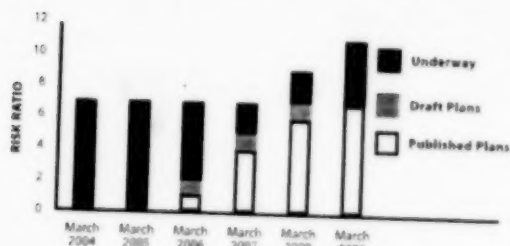
Specifically, the Watershed Authority has undertaken a project examining the impact of current flow management on fish habitat within the Saskatchewan Rivers systems. While the primary focus of the Saskatchewan Rivers project is lake sturgeon, results and recommendations will benefit ecosystem health on a much larger scale. In the upcoming year, the Watershed Authority will continue to examine structures highlighted by the 2008 risk assessment in attempts to balance the needs of the environment with the needs of local populations and industry.

**Source Water Protection Plans** – Watershed and aquifer plans guide activities for source water protection. The source water protection plan for the North Saskatchewan River Watershed was completed and planning was initiated in two new watersheds – the Lower Qu'Appelle River and the Upper Souris River. Implementation work continued with the local watershed management committees implementing the source water protection plans that have been completed. Implementation of the seven completed plans is lead by six watershed associations, each of which has at least one staff member. During the year, the Watershed Authority provided grants totaling \$550,000 to six groups to assist with the costs of implementing the plans, as well as to the First Nations Agricultural Council of Saskatchewan and the Swift Current Creek Watershed Stewards to support their source water protection activities.



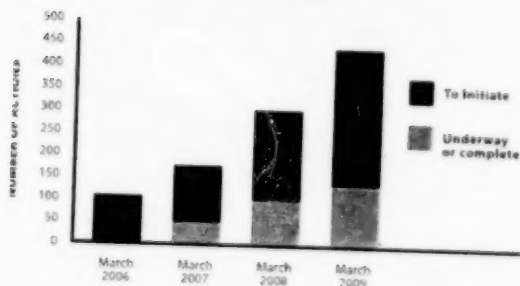
## Measurement Results (2008-09)

**Number of Watershed and Aquifer Plans (under development, in draft, and published)**



This measure is of interest to Government as an indicator of progress toward source water protection. Planning gives residents the opportunity to commit to and participate in changes that will ensure adequate and quality water supplies. Completed plans set priorities and identify emerging issues. During 2008-09, the last of the initial seven planning processes were completed. Two new watershed plans were initiated which, with the two initiated in 2007-08, bring the number of plans in development to four.

**Total Number of Watershed and Aquifer Plan Key Actions (underway or complete)**



Watershed and aquifer plans contain key actions aimed at protecting source water. Each year the Watershed Authority works with the watershed associations leading implementation of the watershed plans to determine progress in acting on the key actions. This measure shows the number of key actions in all of the published plans that are underway or complete. The total number of key actions increased in 2008-09 as a seventh plan was published.

## Biological (macro-invertebrate)

**Monitoring Sites** – Over 200 biological monitoring sites have been established across southern Saskatchewan covering existing Ministry of Environment primary sites, Prairie Provinces Water Board sites, long-term Ministry of Agriculture water quality sites, and Watershed Authority sites. The range of conditions represented by these sites was used to construct an assessment model that is able to quantify the impact of human stressors (e.g. changes in water quality) on aquatic ecosystem health. This model has been validated, but has not yet been peer reviewed. The initial output of this watershed health model will be presented in the 2009 State of the Watershed Report, and submission of this project and model to a peer-reviewed journal is under development.

**Rural Water Quality Program Refocuses on High-Risk Source Water Areas** – Since 1998, the Rural Water Quality Program offered a full consultative water quality service to towns, villages and hamlets, farmers, acreage owners, and residents of trailer parks with their own private water supplies, which were all considered "rural water users." Since 1998, over 2,500 private wells have been sampled and tested, with approximately 70 per cent having contaminants at levels that expose individuals drinking the water to increased risk. The Watershed Authority is well-placed to deal with these concerns and has refocused its delivery on high-risk communities serviced by private ground water wells, some of which are identified by the Ministry of Health and various health districts.

The objective of this program is to provide assistance to private well owners in identifying the nature, cause and implications of their specific water quality concerns and the most appropriate means to correct them. The Watershed Authority operates the program in partnership with a high-risk community, the associated health district, and the Ministry of Health. During 2008-09, the Village of Hepburn was assessed, and information on the risk in the current water supply was presented to the Village Council and residents. The Village is using this information to guide plans for its future water supply.

**Water Quality at Waldsea, Fishing and Lenore Lakes** – Ongoing lake water quality monitoring was initiated in 2007 within several Saskatchewan watersheds that had lakes with high water levels. The principal concerns addressed through this monitoring include the potential impacts of long-term flood proofing and berm construction on Fishing and Waldsea lakes, and downstream changes in water quality due to outflow from lakes that usually do not have outflow (lakes within the Lenore Lake watershed and Fishing Lake). Lake water quality monitoring in Waldsea and Fishing lakes included sampling at baseline stations located near the middle of the lakes and sites adjacent to the berms. One of the primary water quality concerns due to berm construction was the potential for increased levels of suspended sediment. During the construction of the berm at Fishing Lake in 2007, there were some periods where high suspended sediment adjacent to the berms and at the lake outflow.

Baseline monitoring in 2007 and 2008 and water quality monitoring adjacent to the berms in 2008 suggest that suspended sediment concentrations are at background concentrations. Suspended sediment concentrations in Waldsea Lake are at background concentrations.

Extensive water quality monitoring of streams and lakes within the Lenore Lake watershed was undertaken to provide an understanding of changes in lake salinity associated with flow conditions. Water quality results from stations between Houghton and Lenore lakes were posted on the Watershed Authority's website as soon as they were received from the laboratory. Analysis and assessment of water quality data were done in support of the option analysis scoping exercise undertaken by the Lenore Lake Planning Group.

**Public Education Programs** – To increase broad awareness and understanding of water management and aquatic ecosystems, the Watershed Authority delivered the Project WET and Project WILD programs to education students at all training institutions in the province, as well as to active teachers. This year, 516 educators attended Project WET and Project WILD workshops.

The Watershed Authority reviewed its role in these education programs and a decision was made to withdraw from them in order to focus resources on core water management issues. By year end, the Watershed Authority had reached a verbal agreement with the Canadian Wildlife Federation under which the Federation would take over delivery of these programs in Saskatchewan. The Watershed Authority will continue to work with the Canadian Wildlife Federation to finalize negotiations and to ensure a smooth transition with them occurs.

# 2008-09 Financial Overview

## Summary of Financial Results

During the 2008-09 year, the Saskatchewan Watershed Authority generated an operating surplus of \$3,390,000. This compares to a 2007-08 surplus of \$1,597,000, prior to the financial impact of the flood relief projects. The revenues for the current year totaled \$30,698,000 (2007-08 – \$28,065,000) and expenses were \$27,308,000 (2007-08 – \$26,468,000).

The surplus compares with a budgeted deficit of \$1,763,000 and so reflects a \$5,153,000 improvement from the budget. This surplus was primarily due to two factors. Water Power revenue exceeded budget by \$1,648,000 due to above normal water flows and the Authority received a \$3,339,000 grant from the Ministry of Environment's Go Green Program to support the Toilet Replacement Rebate Program. Most of the expenditure under the Toilet Replacement Rebate Program will not occur until 2009-10.

Expenses exceeded budget by \$699,000. The most significant over expenditures were \$261,000 in depreciation expense and grants under the Water Control Program of \$329,000. Compared to 2007-08 actuals, increases in grant revenue from the General Revenue Fund of \$3,411,000 and the Fish and Wildlife Development Fund of \$325,000 were offset by a decrease in *The Water Power Act* revenue of \$950,000. The majority of the increase in revenue relates to Go Green funding for the Toilet Replacement Rebate Program of \$3,339,000. Expenses have increased compared to 2007-08 due to the following: salary and benefit costs related to the collective bargaining agreement; depreciation expense; and expenditures related to Escrow agreements with the First Nations along the Qu'Appelle Valley.

# Management's Responsibility for Financial Reporting

Management has prepared the financial statements of the Authority in accordance with Canadian generally accepted accounting principles for government organizations. The financial data included elsewhere in this report is consistent with the financial statements and the underlying information from which the Authority prepared these financial statements.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, the Authority maintains appropriate systems of internal controls, policies and procedures. These systems provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Authority.

Deloitte & Touche LLP, the Authority's external auditors, have examined the March 31, 2009 financial statements and their report follows.

The Board of Directors of Saskatchewan Watershed Authority has examined and approved the statements.

On behalf of the Authority,



Alan Parkinson  
President

May 5, 2009

# Auditors' Report

To the Members of the Legislative Assembly  
Province of Saskatchewan

We have audited the statement of financial position of the Saskatchewan Watershed Authority as at March 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of Saskatchewan Watershed Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Saskatchewan Watershed Authority as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for government.

*Deloitte + Touche LLP*

Chartered Accountants  
Regina, Saskatchewan

May 5, 2009

# Statement 1

## Statement of Financial Position

As At March 31

	2009	2008
	(Thousands of Dollars)	
<b>Financial Assets</b>		
Cash and short-term investments (note 3)	\$ 20,056	\$ 11,368
Accounts receivable	4,706	13,757
	<b>24,762</b>	<b>25,125</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,969	3,764
Flood relief projects obligations (note 4)	5,422	8,699
Deferred revenue (note 5)	1,602	1,667
Employee future benefits (note 6)	679	708
	<b>9,672</b>	<b>14,838</b>
<b>Net Financial Assets</b>	<b>15,090</b>	<b>10,287</b>
<b>Non Financial Assets</b>		
Tangible capital assets (note 7)	301,395	302,907
Prepaid expenses and supplies	262	293
	<b>301,657</b>	<b>303,200</b>
<b>Accumulated Surplus</b>	<b>\$ 316,747</b>	<b>\$ 313,487</b>

Commitments and contingencies (note 9)

See accompanying notes

On behalf of the Board,



Stuart Kramer  
Chair of the Board

# Statement 2

## Statement of Operations and Accumulated Surplus

Year Ended March 31

	Budget (note 12)	2009	2008
	(Thousands of Dollars)		
<b>Revenue</b>			
Government of Saskatchewan			
- General Revenue Fund	\$ 7,256	\$ 10,595	\$ 7,184
- Fish and Wildlife Development Fund	828	828	503
Water revenue	14,454	16,286	17,205
Contract revenue (Schedule 1)	750	1,156	1,222
Other	1,558	1,833	1,951
	<b>24,846</b>	<b>30,698</b>	<b>28,065</b>
<b>Expenses (Schedule 2)</b>			
Corporate services	6,305	3,205	2,100
Regional services	4,860	6,021	6,300
Infrastructure management	2,798	3,317	2,927
Stewardship projects and administration	2,175	2,435	3,150
Watershed monitoring and assessment	1,848	2,317	2,308
Watershed planning	1,454	1,518	1,560
Hydrology services	1,471	2,067	2,042
Interjurisdictional water management and administration	796	1,231	902
Groundwater management	969	1,026	1,150
Interest	68	45	69
Amortization of tangible capital assets	3,865	4,126	3,960
	<b>26,609</b>	<b>27,308</b>	<b>26,468</b>
<b>Surplus (Deficit) for the year before the following</b>	<b>(1,763)</b>	<b>3,390</b>	<b>1,597</b>
General Revenue Fund grant for flood relief projects (note 4)	-	-	24,799
Expenses related to flood relief projects (note 4)	8,699	130	26,515
	<b>(8,699)</b>	<b>(130)</b>	<b>(1,716)</b>
<b>(Deficit) Surplus for the year</b>	<b>(10,462)</b>	<b>3,260</b>	<b>(119)</b>
<b>Accumulated Surplus – beginning of year</b>	<b>313,487</b>	<b>313,487</b>	<b>313,606</b>
<b>Accumulated Surplus – end of year</b>	<b>\$ 303,025</b>	<b>\$ 316,747</b>	<b>\$ 313,487</b>

See accompanying notes

# Statement 3

## Statement of Change in Net Financial Assets

Year Ended March 31

	2009	2008
	(Thousands of Dollars)	
<b>Surplus (Deficit) for the Year</b>	\$ 3,260	\$ (119)
Acquisition of tangible capital assets	(2,614)	(4,066)
Amortization of tangible capital assets	4,126	3,960
(Gain) loss on sale of tangible capital assets	(5)	11
Proceeds on sale of tangible capital assets	5	8
	4,772	(206)
Use of prepaid expenses and supplies	31	44
<b>Increase (Decrease) in net financial assets</b>	4,803	(162)
<b>Net financial assets – beginning of year</b>	10,287	10,449
<b>Net financial assets – end of year</b>	<b>\$ 15,090</b>	<b>\$ 10,287</b>

See accompanying notes



# Statement 4

## Statement of Cash Flows

Year Ended March 31

	2009	2008
	(Thousands of Dollars)	
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating Activities:</b>		
Surplus (Deficit) for the year	\$ 3,260	\$ (119)
Items not affecting cash:		
Amortization of tangible capital assets	4,126	3,960
(Gain) loss on sale of tangible capital assets	(5)	11
Net change in non-cash balances relating to operations:		
Accounts receivable	9,051	(7,549)
Prepaid expenses and supplies	31	44
Accounts payable and accrued liabilities	(1,795)	1,306
Flood relief projects obligations	(3,277)	8,699
Employee future benefits	(29)	51
Deferred revenue	(65)	74
	11,297	6,477
<b>Capital Activities:</b>		
Acquisition of tangible capital assets	(2,614)	(4,066)
Proceeds on sale of tangible capital assets	5	8
	(2,609)	(4,058)
<b>Investing Activities:</b>		
Maturing of investments	-	8,090
	-	8,090
<b>Increase in cash during the year</b>	8,688	10,509
<b>Cash and short-term investments – beginning of year</b>	11,368	859
<b>Cash and short-term investments – end of year</b>	<b>\$ 20,056</b>	<b>\$ 11,368</b>

See accompanying notes

Cash and short-term investments (note 3)

## 1. STATUS OF THE SASKATCHEWAN WATERSHED AUTHORITY

The Saskatchewan Watershed Authority (the Authority) was established on October 1, 2002, under the authority of *The Saskatchewan Watershed Authority Act*. The Authority is a Treasury Board Crown corporation within the meaning of *The Crown Corporations Act, 1993*. The Authority is a continuing corporation of the Saskatchewan Wetland Conservation Corporation, established by Order in Council 29/90 dated January 10, 1990.

On October 1, 2002, the Saskatchewan Water Corporation transferred involvement in water management activities to the Saskatchewan Watershed Authority. These activities included the operations, maintenance and rehabilitation of provincially-owned water infrastructure including dams and conveyance channels, as well as the hydrometric, forecasting and regulatory functions of the Corporation.

In accordance with the provisions of *The Saskatchewan Watershed Authority Act, 2005* the Authority's general powers and purposes are to manage, administer, develop, control and protect the water, watersheds and related land resources of Saskatchewan and to promote the economical and efficient use, distribution and conservation of the water, watersheds and related land resources.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian generally accepted accounting principles appropriate for the public sector. The following accounting principles are considered to be significant:

### Tangible Capital Assets

Capital assets are recorded at cost. Internally provided engineering and technical services are capitalized at charge out rates designed to recover salaries, benefits and overhead. The objective of this policy is to recognize the approximate value of design, supervision and administrative services rendered by Authority employees on construction projects. As well, the Authority capitalizes interest expense on debt relating to specific construction projects. Charges for amortization are calculated at the following annual rates:

<b>Tangible Capital Assets</b>	<b>Method</b>	<b>Rate</b>
Buildings and leaseholds	straight-line	2.5% to 5%
Maintenance equipment	diminishing balance or	
	straight-line, as appropriate	6.67% to 30%
Office equipment	straight-line	10% to 33.3%
Water infrastructure	straight-line	1.67% to 2.5%

### Government of Saskatchewan Grants

Under the authority of Section 27 of *The Saskatchewan Watershed Authority Act, 2005* the Authority receives grants from the General Revenue Fund out of monies appropriated by the legislature or authorized by Order in Council. These grants are recorded as revenue when received or receivable and are used to fund grant programs, water management infrastructure rehabilitation and operations.

### Revenue Recognition

Contractual revenue received by the Authority for specific purposes is recognized as revenue in the year in which the related expenses are incurred. Water revenue is recognized as revenue in the year it is consumed. Other revenue includes: licences, fees, permits, interest income, pumping equipment rental and a service contract with SaskWater. These revenues are recognized in the year they are earned.

## Notes to the Financial Statements March 31, 2009

### Grants to Clients

Grants provided to clients for a variety of programs are recorded as an expense to the Authority if the final approval for the grant payment was made during the year. Where the Authority enters into contractual agreements for project construction under various assistance programs, expenses are accounted for on an accrual basis.

### Employee Future Benefits

The Authority administers a benefit relating to a retirement allowance which is paid to eligible employees upon retirement. The Authority has adopted the accrual method of accounting for this benefit whereby the cost of providing the benefits is recorded when the related services of employees are performed.

### Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the useful lives of assets for amortization periods and estimated future costs of the flood relief projects.

## 3. CASH AND SHORT-TERM INVESTMENTS

Short term investments are term deposits that are readily convertible to cash and with original maturities of less than 90 days. The carrying value approximates their market value.

	2009	2008
	(Thousands of Dollars)	
Cash	\$20,056	\$ 669
Short-term investments	-	10,699
	<b>\$20,056</b>	<b>\$11,368</b>

## 4. FLOOD RELIEF PROJECTS OBLIGATIONS

In the spring of 2007, the Fishing and Waldsea Lake areas experienced extraordinary flooding due to well above normal runoff. On April 30, 2007, the government announced emergency measures to assist these communities to respond to the flooding, including coordinating the necessary measures to remove homes and cottages from the water, and the development of long-term protection from flooding. The Authority and the Ministry of Corrections, Public Safety and Policing lead this emergency work.

The project included construction, operation and removal of earthen berms to allow for the dewatering of residential areas that were flooded. As a condition of the Department of Fisheries and Oceans' permit issued to the Authority, the berms are to be removed by October 15, 2009. The General Revenue Fund granted the Authority \$24,799,000 during 2007-08 to undertake these projects. The Authority expended \$17,816,000 to March 31, 2008, and accrued an additional \$8,699,000 as estimated costs of berm removal, to be incurred in future years, for a total expense of \$26,515,000 in 2007-08.

During the 2008-09 year, the Authority incurred \$3,277,000 on these projects related to construction completion. These costs were applied against the 2008 accrual. The long-term flooding solution is still being investigated. The remaining \$130,000 incurred in 2008-09 relates to costs for drainage investigations in the flooded areas.

# Notes to the Financial Statements March 31, 2009

## 5. DEFERRED REVENUE

At year end, the Authority has received funding for various projects but has not yet completed the projects. The balance that remains in deferred revenue includes the depredation fund established for the Souris Basin project to deal with wildlife and waterfowl depredation prevention and compensation.

	<u>2009</u>	<u>2008</u>
	(Thousands of Dollars)	
<b>Balance, beginning of year</b>	\$ 1,667	\$ 1,593
Contractual revenues received	156	123
Recognition of prior year deferred revenue	(221)	(49)
<b>Balance, end of year</b>	<u><u>\$ 1,602</u></u>	<u><u>\$ 1,667</u></u>

## 6. EMPLOYEE FUTURE BENEFITS

The amounts related to the defined benefit retiring allowance are as follows:

	<u>2009</u>	<u>2008</u>
	(Thousands of Dollars)	
Accrued benefit liability	\$ 679	\$ 708
Benefits paid during the year	49	44
Net expense	20	95

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit liability at March 31 are:

Discount rate	6.70%	5.50%
Inflation rate	2.75%	2.75%
Average remaining service life	11.7 years	13.1 years

## 7. TANGIBLE CAPITAL ASSETS

			<u>2009</u>	<u>2008</u>
			(Thousands of Dollars)	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 5,155	\$ -	\$ 5,155	\$ 5,155
Buildings and leasehold improvements	1,333	294	1,039	768
Maintenance equipment	2,929	2,207	722	673
Office equipment	1,660	718	942	792
Water infrastructure	380,845	87,308	293,537	295,519
	<u><u>\$ 391,922</u></u>	<u><u>\$ 90,527</u></u>	<u><u>\$ 301,395</u></u>	<u><u>\$ 302,907</u></u>

# Notes to the Financial Statements March 31, 2009

## 8. GRANTS TO CLIENTS

Included in expenses are grants or assistance provided to various persons and organizations to carry out a variety of programs administered by the Authority. In addition, where the condition of financial assistance for certain programs requires the Authority to provide engineering or technical services, an allocation of salaries to grant expenses is made. Particulars of these grants, including salary/overhead allocation of \$563,100 (2008 - \$431,700), by program, are as follows:

	2009	2008
	(Thousands of Dollars)	
Flood Control and Drainage	\$ 1,110	\$ 1,030
Water Quality	378	229
Stewardship	149	380
Pumping Equipment Rental Program	328	318
	<u>\$ 1,965</u>	<u>\$ 1,957</u>

## 9. COMMITMENTS AND CONTINGENCIES

### Contractual Commitments

As of March 31, 2009, the Authority has outstanding commitments of \$429,000 (2008 - \$992,500) for construction contracts, consulting agreements, and watershed funding agreements. Within various contractual agreements, the Authority has committed to provide in-kind services. If contracts were terminated, the Authority's only liability would be for actual costs incurred to date.

### Leases

The Authority has entered into various operating lease agreements with the following minimum lease payments:

	(Thousands of Dollars)
2010	\$ 781
2011	533
2012	448
2013	445
2014	445
2015 and thereafter	1,222
	<u>\$ 3,874</u>

### Litigation

The Authority is party to a number of lawsuits of which the outcome cannot be determined, therefore, no amounts have been allowed for settlement in these statements.

**10. RELATED PARTY TRANSACTIONS**

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Authority by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions and amounts outstanding at year end, are as follows:

	<b>2009</b>	<b>2008</b>
	(Thousands of Dollars)	
Water, contract and other revenue	\$16,392	\$16,945
Expenses	3,766	4,204
Accounts receivable	3,809	12,632
Accounts payable	116	258

Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

**11. PENSION PLAN**

The Authority's employees participate in either the Capital Pension Plan or the Public Employees Pension Plan (the Plans), both of which are defined contribution pension plans. The Authority's contributions to the Plans include making regular payments into the Plans. The total amount paid into the Plans for 2009 was \$819,700 (2008 - \$798,700).

**12. BUDGET FIGURES**

The budget figures are presented for comparison purposes. The Authority's Board of Directors approved this budget on March 7, 2008.

## Schedule 1 - Contract Revenue

	2009	2008
	(Thousands of Dollars)	
Canadian Wildlife Service	\$ 280	\$ 280
Environment Canada	241	272
Wildlife Habitat Canada	100	95
United States - Federal and State	96	21
Canada Saskatchewan Water Supply Expansion Program	20	98
Other	419	456
	<u>\$ 1,156</u>	<u>\$ 1,222</u>

## Schedule 2 - Expenses by Program

	Corporate services	Regional services	Infrastructure management	Stewardship projects & administration	Watershed monitoring & assessment	Watershed planning	Hydrology services	Interjurisdictional water management & administration	Groundwater management	Interest & Amortization	2009 Total	2008 Total
	(Thousands of dollars)											
Salaries and benefits	\$ 3,848	\$ 3,281	\$ 2,362	\$ 1,068	\$ 1,445	\$ 1,192	\$ 1,046	\$ 356	\$ 725	\$ -	\$ 15,323	\$ 14,851
Travel and other staff costs	392	288	189	215	187	108	198	39	68	-	1,684	1,479
Professional services	285	33	316	3	273	-	36	66	25	-	1,037	800
Office supplies	466	75	31	41	38	30	38	21	6	-	746	895
Materials	5	35	93	10	32	1	19	-	4	-	199	244
Contractual services	3	79	93	99	1	2	508	592	36	-	1,413	1,638
Cash grants	-	890	-	149	-	-	-	-	-	-	1,039	1,240
Salary allocations	(2,854)	781	66	228	255	140	158	138	135	-	(953)	(1,298)
Other expenses	1,060	559	167	622	86	45	64	19	27	4,171	6,820	6,619
<b>Total</b>	<b>\$ 3,205</b>	<b>\$ 6,021</b>	<b>\$ 3,317</b>	<b>\$ 2,435</b>	<b>\$ 2,317</b>	<b>\$ 1,518</b>	<b>\$ 2,067</b>	<b>\$ 1,231</b>	<b>\$ 1,026</b>	<b>\$ 4,171</b>	<b>\$ 27,308</b>	<b>\$ 26,468</b>

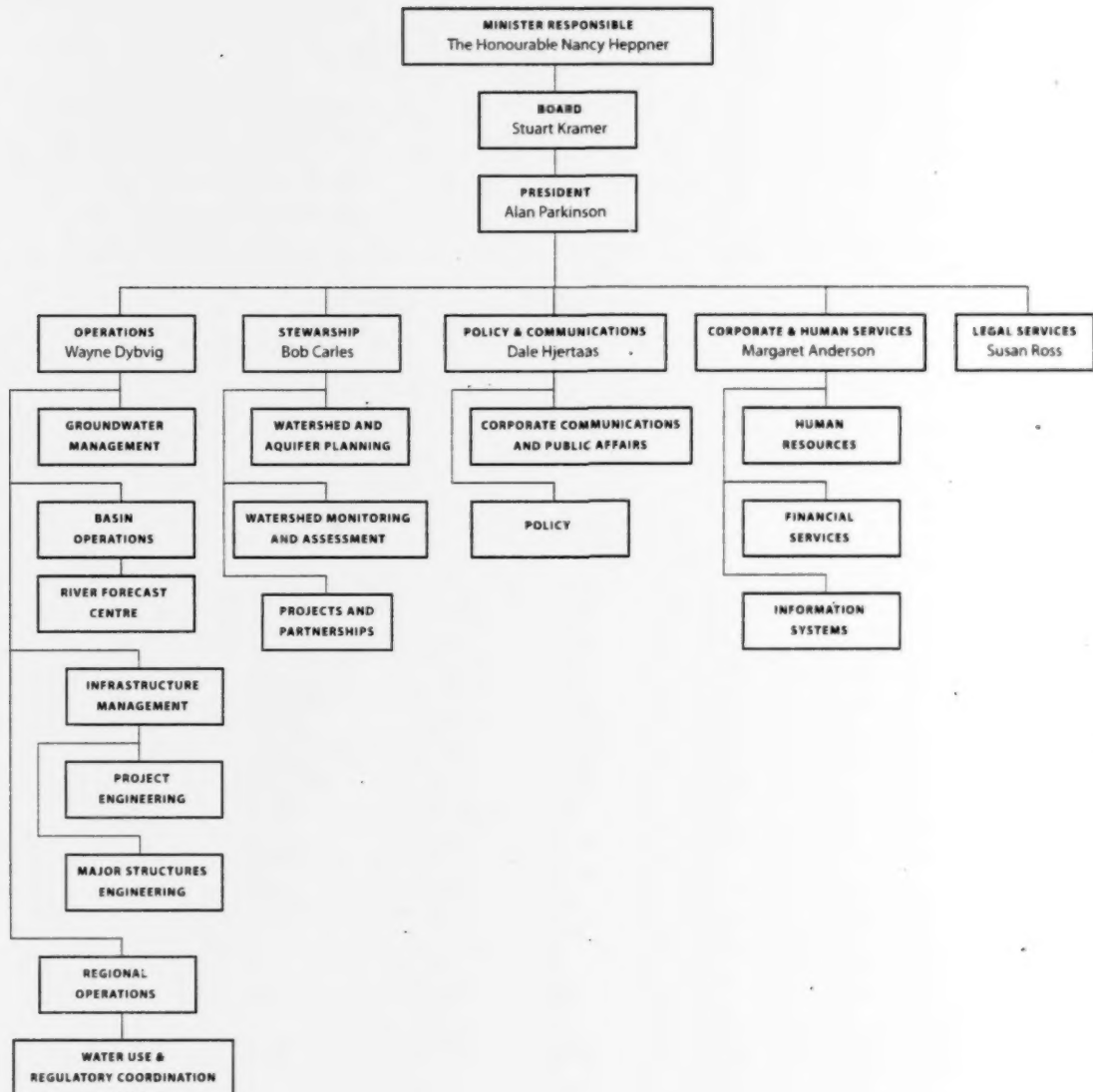
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## For More Information

More detailed information can be obtained by visiting the Saskatchewan Watershed Authority's website at **[www.swa.ca](http://www.swa.ca)**, calling its head office in Moose Jaw at 306-694-3900, or contacting the water inquiry line toll free at 1-866-SASK-H2O (1-866-727-5420).



# Appendix 1 – Organizational Chart



## Appendix 2 – Regions and Office Locations

